GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Loans – APIIC Ltd – Proposal of APIIC for taking over interest payment by Government of A.P. for the loan amount of Rs.2,000 Crores barrowed against Government guarantee – Accepted – Orders – Issued.

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INDUSTRIES AND COMMERCE (INFRA) DEPARTMENT

G.O.Rt.No.96 Dated: 01-05-2020.

Read the following:

1.G.O.Rt.No.204, Ind & Com (Infra) Dept, dt.18.07.2018.
2.G.O.Rt.No.217, Ind & Com (Infra) Dept, dt.31.07.2018.
3.G.O.Rt.No.271, Ind & Com (Infra) Dept, dt.18.09.2018.
4.G.O.Rt.No.145, Ind & Com (Infra) Dept, dt.20.06.2019.
5.From the VC&MD, APIIC Ltd., Single File No.APIIC-11047/1/2020-CGM-FIN-APIIC, dt.17.03.2020.

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ORDER:

In the references 1st to 4th read above, orders were issued from time to time for utilization of interest component from the loan amount of Rs.2,000 Crores barrowed by APIIC Ltd., against the Government Guarantee deposited in their P.D.A/c for which necessary Budget provisions were also made in the Financial Years 2018-19 & 2019-20 in the Head of Account "2875608000017310312".

2. In the reference 5th read above, the VC&MD, APIIC Ltd., has submitted proposal for taking over interest payment by Government of A.P. for the loan barrowed against Government guarantee and for according permission to barrow fresh term loan for Rs.2,000 Crores against Government Guarantee for both principal and interest component on the ground that as the earlier loan amount barrowed by APIIC was utilized for noncommercial activities based on the directions of Government, the APIIC is in piquant situation as no returns are forthcoming due to which, the Financial Statements of APIIC are showing a negative account. He further stated that APIIC is committed to create a world class infrastructure with their yeoman service done to the State in the past and also committed to create world class plug & play infrastructure with 30 Lakh Sq.ft. of good IT and other Industrial space together to faster industrial growth in the State. As such the Corporation proposed to request the Government to take over repayment of Rs.42 Cr interest liability of APIIC on Govt Account as these works were primarily related Land Acquisition. But, other works of non-commercial nature towards infrastructure works & land cost concessions in respect to M/s.KIA Motors which were carried out on Government direction depicts a loss of Rs.248.67 Crores and the corresponding Net worth of the Corporation stands reduced by the same extent since, the interest component on the loan availed is charged off as an 'Expense' item to the provisional Profit and Loss Statement of the Corporation in Financial Year 2018-19. Hence, the Corporation is not in a position to seek additional Term Loans from the banks/financial institutions and therefore proposed to avail a fresh Loan of Rs.2,000 Crores to carry forward activities of the corporation on commercial lines in order to make the State a more competitive state in garnering fresh investments.

3. The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., has also sought provision in the Budget to be made by Government for an amount of Rs.42.00 Crores in the Financial Year 2020-21 under the Head of Account "2875-60-800-00-17-310-312"- Assistance to APIIC for payment of interest for the on the amount deposited in the PD Account of the Corporation" under Ind & Com Dept in addition to the amount of Rs.95.00 Crores already provided in the budget for interest component in the loan funds deposited in PD Account i.e., in toto the budget provision is Rs.137.00 Crores.

(P.T.O.)

4. Government, after careful examination of the proposal and in view of the justification furnished and support APIIC for taking up the developmental activities, the Government of A.P. hereby agreed to take over payment of interest on loan of Rs.500 Crores availed from the Union Bank of India, from the month of January, 2020 onwards which is approximately Rs.3.50 Crores per month i.e., Rs.42.00 Crores per annum in line with the assistance being provided for payment of interest component on the loan amount of Rs.1,480 Crores deposited in the P.D. Account of APIIC Ltd.

5. Accordingly, a Budget provision for 2020-21 is made for the entire amount of Rs.2,000 Crores in the off budget borrowings for both Principal and interest.

6. The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., shall take necessary action with regard to claiming necessary bills towards the interest component in consultation with the Assistant Secretary to Government and Drawing & Disbursing Officer, Industries & Commerce Department.

7. The Assistant Secretary to Government and Drawing & Disbursing Officer, Industries & Commerce Department is authorized for making payment to APIIC Ltd., towards the interest component accordingly for the amounts indicated in para (4) above.

8. This order issued with the concurrence of Finance (C&DM) Department vide their U.O.No.Fin01-BUGT0BL(IL)/2/2020-CDM, (C.No.1085083), dt.05.03.2020 and dt.03.04.2020.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

RAJAT BHARGAVA
SPECIAL CHIEF SECRETARY TO GOVERNMENT & CIP

To
The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., APIIC Tower, 9th to 11th Floors, Plot No.CFC-1,IT Park, Mangalagiri, Guntur District, A.P. – 522 503.
The Assistant Secretary to Government and Drawing & Disbursing Officer, Industries & Commerce Department, A.P. Secretariat.

Copy to:
The Finance (C&DM) Department.
The Account General (Audit), A.P. Hyderabad.
The Account General (A&E), A.P. Hyderabad.
The Chief Executive Officer, Comprehensive Financial Management System, A.P., Ibrahimpatnam, Vijayawada.
The Director of Treasuries, A.P., Ibrahimpatnam, Vijayawada.
The Pay & Accounts Officer, A.P., Ibrahimpatnam, Vijayawada.
The Deputy Pay & Accounts Officer, A.P. Secretariat Branch, Velagapudi.
The Resident Audit Officer, O/o Pay & Accounts Officer, Amaravathi.
SF/SC. (C.No.13021/28/2018/A1-INFRA-INDS) (Computer No.550631).

//FORWARDED:: BY ORDER//

SECTION OFFICER